

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(GREENBELT DIVISION)

ENTERED

OCT 24 2002

U.S. BANKRUPTCY COURT
DISTRICT OF MARYLAND
GREENBELT

In re:

Mattress Discounters Corporation
and T.J.B., Inc.

Debtors.

Chapter 11

Case No. 02- 22330 DK

(Pending Joint Administration)

**ORDER AUTHORIZING CONTINUED USE OF EXISTING BANK
ACCOUNTS, CASH MANAGEMENT SYSTEM, AND BUSINESS
FORMS, WAIVING DEPOSIT AND INVESTMENT REQUIREMENTS UNDER
BANKRUPTCY CODE SECTION 345 AND GRANTING RELATED RELIEF**

Upon consideration of the Emergency Motion (the "Motion") of Debtors for Order Authorizing Continued Use of Existing Bank Accounts, Cash Management System and Business Forms and Waiving Deposit and Investment Requirements under Bankruptcy Code Section 345, filed by Mattress Discounters Corporation and T.J.B., Inc., as debtors and debtors in possession (collectively, the "Debtors"),¹ the Budget (as defined in the First Interim Order Authorizing Debtors' Use of Lenders' Cash Collateral And Granting Adequate Protection Pursuant to 11 U.S.C. 361 and 363 and Fed. R. Bankr. P. 4001 (the "First Interim Order") and any succeeding cash collateral orders); and upon the Affidavit of Stephen Newton in Support of First Day Motions and Applications; this Court having considered the motion and being fully advised; it appearing that appropriate notice and opportunity for a hearing on the motion was given and that no further notice need be given; it appearing that the relief requested in the motion is appropriate in the context of these cases and necessary to ensure that the Debtors' business will be preserved; it appearing that the relief requested in the motion is in the best interests of Debtors

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Motion.

and their respective estates, creditors, stockholders and other parties in interest; and good cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The motion is granted.

2. The Debtors are authorized to continue utilizing their existing Cash Management System on a basis consistent with the Debtors' practice prior to the Petition Date, as modified by the First Interim Order and any succeeding cash collateral orders.

3. The Debtors are directed to maintain records of all transfers within the Cash Management System so that all transfers and transactions shall be adequately and promptly documented in, and readily ascertainable from, its books and records, to the same extent maintained by Debtors prior to the commencement of these chapter 11 cases.

4. Each of the Debtors is authorized to maintain and continue its cash management services relationship with JPMorgan Chase Bank, First Union and all other banks listed on Exhibit A to the motion (the "Banks") and to use any or all of its existing bank accounts in the names and with the account numbers existing immediately prior to the commencement of

their chapter 11 cases; *further, provided, that the Account Control Agreement by and among JPMorgan Chase Bank, Wachovia Bank National Association d/b/a First Union National Bank or Wachovia Bank N.A.*
5. Subject to the limitations imposed in the First Interim Order and any and the Debtors succeeding cash collateral order, the Debtors may, in their sole and absolute discretion, (i) close at any time, upon *may be modified* some or all of their existing bank accounts, (ii) open new debtor in possession accounts; (iii) *without agreement of the parties to the Account Control Agreement* deposit funds in and withdraw funds from such accounts by all usual means including, without *further* limitation, checks, wire transfers, automated clearinghouse transfers, electronic funds transfers *without further* and other debits; (iv) maintain or open new disbursement accounts, consistent with any Cash order of *the Court,* Collateral order or stipulation reached with the Lenders; (v) treat their prepetition bank accounts *and still* for all purposes as debtor-in-possession accounts; (vi) *provided that such* pay in the ordinary course of business for *modifications are*

2 consistent with this Order and any further orders of the Court.

and all other fees & charges now or hereafter due in connection with the bank accounts
postpetition Bank Services and (vii) ^{shall} allow the Banks, from time to time, to debit any of the
Debtors' accounts for fees related to Bank Services or other cash management services ^{and for the other fees} for ^{Referenced} ^{above}
deposited items that were subsequently returned, whether such Bank Services or other cash
management services ^{were rendered} for such deposited items were returned prepetition or postpetition.

6. The Debtors are hereby relieved of any requirement that they close existing
bank accounts, establish new bank accounts designated as debtor in possession accounts,
establish separate debtor in possession accounts for taxes or establish separate debtor in
possession accounts for Cash Collateral ^{except to the extent required by Title 26 of the}
^{United States Code}

7. All banks in which the Debtors maintained bank accounts as of the
commencement of their respective chapter 11 cases (including, but not limited to, those accounts
identified on Exhibit A attached to the motion) are authorized and directed to continue to
maintain, service and administer such bank accounts; provided, however, that nothing contained
herein shall authorize any such bank to honor any check issued or dated prior to the date of the
commencement of the Debtors' chapter 11 cases, except pursuant to separate order of this Court;*

8. Subject to the limitations imposed in the First Interim Order and any
succeeding cash collateral order, all banks or other financial institutions at which accounts are
maintained are prohibited from offsetting, affecting or otherwise impeding any funds of the
Debtors deposited in such accounts on account of, or by reason of, any claim (as defined in
section 101(5) of the Bankruptcy Code) of any such bank against the Debtors that arose before
the Petition Date, absent further order of this Court.

9. The Debtors are authorized to maintain and continue to use any and all
stationery, correspondence and business forms, including, but not limited to, purchase orders,
statements, invoices, letterhead, envelopes, receipts, contracts, checks, promotional materials and

*provided, however, that should any bank honor any pre-petition
check of the Debtors, such bank shall have no liability to
the Debtors or any other person or entity. Nothing contained in this
order shall require any bank to honor any check which would cause
an overdraft in any of the Debtors' bank accounts with such bank.*

other business forms, substantially in the forms existing immediately prior to the commencement of these chapter 11 cases, without reference to the Debtors' status as debtors in possession.

10. The Debtors are authorized to use checks without reference to their status as debtor-in-possession until their existing check supply is exhausted.


11. The Debtors are authorized to deposit and invest cash and cash equivalents in their existing bank accounts in accordance with their established cash management procedures and in investments consistent with existing practices for a period of up to 45 days.

12. The requirements of section 345 of the Bankruptcy Code are waived, and the Debtors are hereby relieved from the obligation under section 345(b) of the Bankruptcy Code of obtaining a bond from an entity with which cash or cash equivalents are deposited or invested, including without limitation, any bank or financial institution with which the Debtors maintain existing or future bank accounts or investment accounts.

13. For a period of up to 45 days, the Debtors are hereby relieved of any procedure or requirement of the United States Trustee relating to section 345 of the Bankruptcy Code.

14. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall constitute, nor is it intended to constitute, an assumption of any contract under section 365 of the Bankruptcy Code or the waiver by the Debtors of any of their rights pursuant to any agreement by operation of law or otherwise.

Dated: 10/24, 2002

A handwritten signature in black ink, appearing to be "D. K.", written over a horizontal line.A faint, rectangular stamp with illegible text, possibly a date or reference number.

~~United States Bankruptcy Judge~~

cc:

Mattress Discounters Corporation

T.J.B., Inc.

Hale and Dorr LLP

Arent Fox Kintner Plotkin & Kahn, PLLC

Simpson Thacher & Bartlett

U.S. Trustee

Initial Service List